



**REBY ADVISORS**  
WEALTH REDEFINED

## President's Letter



As investors,  
we diversify  
our portfolios  
with the aim of  
capturing gains  
from future  
technological  
advances  
made by all  
companies and  
industries.

### **Survival of the Fittest – adaptability has distinguished the winners from the losers during the K-shaped economic recovery from the Coronavirus Recession.**

Throughout history, companies with the resources, knowledge, and competencies required to adjust appropriately to major disruptions often emerge from these challenges stronger than ever. Businesses that cannot adapt fail, and get replaced by startups or existing companies that meet shifting consumer demand more efficiently.

This “creative destruction” has accelerated over the past seven months. Charted graphically, the divergence between thriving and declining businesses gives the “K-shaped recovery” its name.

The upside of the “K” includes brands with the technological capability to digitally connect with customers at home, like Amazon, Zoom, Peloton, and Uber Eats. It’s no surprise that the technology sector has led the way in 2020, keeping overall market performance at or above breakeven, despite the worst economic quarter on record in Q2.

Many “non-essential” brick-and-mortar retailers find themselves on the downside of the K. Yelp reports that more than 163,000 businesses on its crowd-sourced reviews website closed between March 1st and August 31st – and 60% will never reopen. Household names such as JCPenney, Lord and Taylor, and Sears have closed hundreds of locations; these former retail powerhouses simply could not compete online with Amazon.

What can we do to avoid being left behind? As investors, we diversify our portfolios with the aim of capturing gains from future technological advances made by all companies and industries. In our businesses and careers, our skills and knowledge must keep pace.

With this goal in mind, Reby Advisors will host a virtual “Fireside Chat” titled ***The Future of Money*** on October 22nd featuring a special guest speaker who will discuss new technological breakthroughs that may transform our financial lives. You can register to attend at [RebyAdvisors.com/FutureOfMoney](http://RebyAdvisors.com/FutureOfMoney).

If you have any questions about your financial plan, investment strategy, or how Reby Advisors may help you prepare for the future, please do not hesitate to reach out.

Bob

# The 2020 Elections and the Stock Market: 5 Scenarios to Consider

Every four years, the political class reminds us: *This is the most important Presidential Election of our lifetime*. The statement, of course, is logically untenable; *all* elections cannot be the *most* important in our lifetime.

Yet elections do have consequences – for our taxes, economic performance, and government programs. So, how will the 2020 elections impact our money? Société Générale S.A (SocGen), a multinational investment bank, recently analyzed how five possible election outcomes may affect investors. Here's a summary of their conclusions:

**1. The Democrats Sweep.** With control of the White House, Senate, and House of Representatives, the Democrats have the power to bypass nearly any Republican opposition for at least two years. If this scenario unfolds, expect tax increases and at least \$1.3 trillion in additional government spending through 2022 – on healthcare, green energy, transportation, and telecommunications. The Biden foreign policy will focus on international cooperation.

SocGen projects the economic impact of these policies:

- Reduced GDP growth through 2022
- Lower gains in The S&P 500 Index
- Lower returns in most major international stock indices
- Lower oil prices due to improved U.S.-Iran relations
- Free college tuition for families earning less than \$125k

**2. Biden Wins, and Congress Remains Divided.**

SocGen projects modestly better economic and stock market performance during a Biden administration if Republicans control the Senate. Moreover, Biden will set foreign policy and

leverage executive authority to increase domestic government spending. However, Senate Republicans will likely block major Democratic legislation.

**3. The Status Quo Prevails.** The Trump-Pelosi-McConnell triumvirate remains in place, creating better domestic stock market performance and economic growth than any other division of power, according to SocGen. The investment bank forecasts the Large-Cap Value and Mid-Cap Value asset classes to perform the best through 2022 if the status quo remains intact.

**4. Trump Wins, and Democrats Take the Senate.** The Democratic Party gains control of the Legislative Branch, but President Trump has veto power over new laws and budgets. Trump will continue his America-first foreign policy, veto any tax increases, and likely concede to increased spending on infrastructure. If Democrats indeed win the Senate, SocGen anticipates domestic stocks and most international indices to perform better with Trump in the White House than Biden.

**5. Republicans Sweep.** This scenario is highly improbable but would likely result in new tax cuts and a continued hardline foreign policy.

## EXPECT VOLATILITY AFTER A CONTESTED ELECTION

Historically, the stock market has been volatile leading up to Presidential elections. Moreover, the two previous contested elections – 1876 and 2000 – created market corrections. If market prices fluctuate due to election uncertainty, that's to be expected, as is an eventual rebound.

## CFP MAILBAG

### Q There have been some changes this year to Required Minimum Distributions (RMDs), can you explain what that means to me?

**A** The CARES Act suspended RMDs for 2020 – which means you don't have to take out the minimum required amount this year. This is important because your money can continue to work for you, and you can potentially reduce your taxable income.

### Q What is a Roth conversion and how could it benefit me?

**A** Using this strategy, investors move money from a pre-tax retirement account, pay the taxes on that amount in the current year, and then move those funds into a Roth IRA. People often take advantage of Roth conversions in low tax years, which can happen in a down market, or if their tax rate is lower than it will be when they take withdrawals in retirement.

### Q When you talk about tax-loss harvesting, what does that mean for me and my portfolio?

**A** We use this strategy to sell low-performing investments, or those that are now below what you paid for them, and use the loss(es) to offset capital gains. This strategy can lower, or in some cases eliminate, your tax bill. The positions that we sell to capture these losses are then replaced by similar investments that will keep the portfolio's allocation in line with your strategy.

Note: It is important to check with your advisor to determine what is the best approach with any of these strategies for your specific situation.



# 2020 Retirement Calendar and Checklist

## OCTOBER

- 1st** Extended trust and estate income tax returns due
- 15th** Medicare Advantage and drug plan open enrollment starts, ends 12/7
- 15th** Extended individual tax returns due

## NOVEMBER

- 1st–30th** Medicare Advantage and drug plan open enrollment continues
- 1st** ACA open enrollments starts (ends 12/15)
- 1st** Turn your clocks back

## DECEMBER

- 1st–7th** Medicare Advantage and drug plan open enrollment closes
- 1st–15th** ACA open enrollment closes
- 31st** Last day for the sale of stocks (tax loss harvesting), itemized deductions, and gifts to count for 2020 taxes

## THE MORE YOU KNOW

## Coping with Pandemic Stress

**If your stress and anxiety levels are reaching a breaking point, you're not alone. A recent Kaiser Family Foundation (KFF) poll found 45 percent of adults in the United States are feeling worry and stress related to the coronavirus.**

Steps taken to reduce loss of life – social distancing, non-essential business closures, remote work, lack of daycare, shelter-in-place orders, online school – have caused many people to feel overwhelmed or isolated or both. Anxiety has been triggered by uncertainty about the future and concern loved ones may become ill.<sup>1</sup>

Fortunately, there are actions we can take to stay calm and carry on. For instance, you can:

**1. Take a news detox.** Being bombarded with news and information can be distressing and take a toll on your well-being. As a result, it may benefit you to take a break from watching, listening, and/or reading pandemic updates. Reducing social media consumption may help, too.<sup>2</sup>

Use the extra time for activities that are more constructive and less upsetting. You could listen to music, practice yoga, meditate, listen to a funny audio book, go for a walk, or do something else you enjoy.<sup>2</sup>

**2. Make it about you.** For some people, stress and anxiety negatively affect immune response. Take some steps to boost your immune system. Harvard Health recommends:<sup>3</sup>

- Don't smoke
- Eat a diet high in fruits and vegetables
- Exercise regularly
- Maintain a healthy weight
- Drink alcohol only in moderation
- Get enough sleep

**3. Connect and reconnect.** Sheltering in place may keep you safe from the virus, but isolation can have negative mental health repercussions. On the PsychCentral blog, Susan Zinn recommends interacting with neighbors from a safe distance, sharing a wave and a smile on daily walks, and participating in digital family get-togethers which may lift your spirits.<sup>4</sup>

No one knows how long the pandemic will last or what life will be like in the years ahead. Coping with uncertainty is easier when you take control of things you can influence.



<sup>1</sup> <https://www.kff.org/coronavirus-covid-19/issue-brief/the-implications-of-covid-19-for-mental-health-and-substance-use/>

(or go to [https://peakcontent.s3-us-west-2.amazonaws.com/Peak+Documents/LN\\_3rd\\_Qtr\\_2020\\_KFF-The\\_Implications\\_of\\_COVID-19\\_for\\_Mental\\_Health\\_and\\_Substance\\_Use.pdf](https://peakcontent.s3-us-west-2.amazonaws.com/Peak+Documents/LN_3rd_Qtr_2020_KFF-The_Implications_of_COVID-19_for_Mental_Health_and_Substance_Use.pdf))

<sup>2</sup> <https://www.cdc.gov/coronavirus/2019-ncov/daily-life-coping/managing-stress-anxiety.html>

<sup>3</sup> <https://www.health.harvard.edu/staying-healthy/how-to-boost-your-immune-system>

<sup>4</sup> <https://psychcentral.com/blog/the-importance-of-staying-connected-while-practicing-social-distancing/>

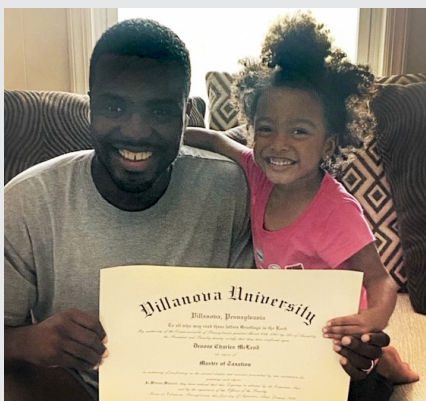


## Hometown Favorite Wins the 86th Connecticut Open Presented by Reby Advisors

Congratulations, Max Theodorakis! The 22-year old Danbury native won The 86th Connecticut Open Presented by Reby Advisors, capturing his first professional tournament victory. Making the championship even sweeter, he accomplished the feat at Ridgewood Country Club, his home course.



Reby Advisors partnered with the Connecticut State Golf Association to sponsor the annual Connecticut Open from 2020 to 2021.



**We are excited to announce** that Devone McLeod, CFP®, has earned his Master of Taxation degree from Villanova University! Please join us in congratulating Devone on this fantastic achievement.



“Timing the market is a fool’s game, whereas time in the market is your greatest natural advantage.”

– Nick Murray

**We are proud to recognize our employees celebrating anniversaries:**



**Dawn Rancourt,**  
Senior Revenue Analyst  
October 21  
26 years



**Patrick Doherty,**  
CFP®  
November 20  
14 years



**Flavio Sampaio,**  
Client Service Manager  
November 16  
5 years



**Devone McLeod,**  
CFP®  
November 27  
3 years



**Dixon Downey,**  
APMA®  
December 3  
2 years

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